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SUBJECT: SEOUL - PRESS BULLETIN; March 17, 2009

TOP HEADLINES

Chosun Ilbo
Head of the Association of ROK Firms in Kaesong Industrial Complex:
"No Companies will Survive if North Korea's Ban on Entry of Workers
and Materials into Kaesong Continues
for 10 More Days"

JoongAng Ilbo
Police Raid Homes and Offices of Three Netizens on Suspicion of
Manipulating "Internet Public Opinion"

Dong-a Ilbo
Four ROK Tourists Killed in Suicide Bombing Carried Out
by 18-Year-Old Al-Qaeda Activist

Hankook Ilbo, Hankyoreh Shinmun, Segye Ilbo,
Seoul Shinmun, All TVs
Supreme Court Justice Shin Young-Chul Faces Disciplinary Action at
Supreme Court's Ethics Committee for Attempting
to Influence Junior Judges in Trials of Anti-U.S. Beef Protesters

DOMESTIC DEVELOPMENTS

North Korea allowed 294 ROK workers stranded in the North to return
home yesterday, four days after it closed the border. However,
northbound travel remained closed. (All)

Experts viewed the North's partial opening of the border as aimed at
diverting criticism at home and abroad that it was "detaining" ROK
people. (Dong-a, Hankyoreh, Segye, Seoul)

In particular, 10 ROK experts interviewed by Chosun Ilbo expected
that the North's restrictions on border crossings will continue at
least until the ROK-U.S. "Key Resolve" military exercise ends on
March 20. Some of them even speculated that Pyongyang might consider
the closure of the Kaesong Industrial Complex, with others calling
the latest North Korean move a scheme to pressure the Lee Myung-bak
Administration to change its North Korea policy to bring it in line
with the policies of the former Kim Dae-jung and Roh Moo-hyun
Administrations. (Chosun)

Foreign Minister Yu Myung-hwan, in a March 16 press briefing, said that China also acknowledges that a rocket launch by North Korea is a violation of UN Security Council Resolution 1718. (JoongAng, Seoul)

Trade Minister Kim Jong-hoon said in a March 13 interview: "If we sign the KORUS FTA first, it will put pressure on the U.S. to act more quickly. The ruling and opposition parties must ratify the trade deal next month." (JoongAng)

U.S. Ambassador to the ROK Kathleen Stephens, in a March 16 breakfast meeting hosted by the Korean Chamber of Commerce and Industry, said that Korea has to give the Obama Administration time to think over the KORUS FTA. (JoongAng, Segye, Seoul)

MEDIA ANALYSIS

-North Korea

JoongAng Ilbo and Seoul Shinmun carried a quote from Foreign Minister Yu Myung-hwan, who said in a March 16 press briefing that China also acknowledges that a rocket launch by North Korea is a violation of UN Security Council Resolution 1718. He was further quoted as saying: "Even though there is a slight difference in positions between countries, all agree that North Korea's rocket

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launch poses a threat to peace and stability in the region."

North Korea's partial opening of the border yesterday, four days after it closed the border, received wide play. The ROK media reported that Pyongyang allowed 294 ROK workers stranded in the North to return home yesterday but that northbound travel remained closed. Experts viewed this North Korean move as aimed at diverting criticism at home and abroad that it was "detaining" ROK people. In particular, 10 ROK experts interviewed by Chosun Ilbo expected mostly that the North's restrictions on border crossings will continue at least until the ROK-U.S. "Key Resolve" military exercise ends on March 20. Some of them were quoted as speculating that Pyongyang might consider the closure of the Kaesong Industrial Complex, with others quoted as calling the latest North Korean move a scheme to pressure the Lee Myung-bak Administration to change its North Korea policy to bring it in line with the policies of the former Kim Dae-jung and Roh Moo-hyun Administrations.

Chosun Ilbo editorialized: "We can no longer run the Kaesong Industrial Complex in a situation where North Korea blocks normal border crossings by ROK people and holds them hostage, while stepping up political offensive against the ROK. Unless North Korea promises to prevent a repeat (of this kind of situation), the inter-Korean industrial complex will have no future." JoongAng Ilbo headlined its editorial: "Pyongyang Should No Longer Hold Kaesong Industrial Complex Hostage."

-Four Korean Tourists Killed in Suicide Bombing in Yemen

The ROK media gave prominent play to a report saying that al-Qaeda was behind the March 15 suicide bombing in Yemen that killed four ROK tourists and wounded three others. Yemen's official Saba News Agency was widely cited as reporting that an 18-year-old who had been "tricked by al-Qaeda into wearing an explosives vest" carried out the attack. Most of the ROK media noted that Yemen is the ancestral homeland of Osama bin Laden, the leader of the al-Qaeda terrorist organization and that there have been several attacks targeting foreigners in Yemen. The media also said that the followers of al-Qaeda might well outnumber tourists in Yemen these days and that three in four Yemenis are armed with guns.

Chosun Ilbo commented that al-Qaeda might have intended the attack to demonstrate that it is "alive and well." Dong-a Ilbo, meanwhile, noted that there were also Italian and French tourists around when

the explosion occurred, and wondered if the ROK was targeted by the terrorist group. Hankook Ilbo editorialized: "If terrorists, by any chance, targeted ROK people, it would be very serious, because it is related to changes in the ROK's image in the Arab world. The ROKG should also consider whether the attack might have any connection to the deployment of our naval forces to the waters off Somalia which is not far from Yemen."

OPINIONS/EDITORIALS

North Korea Should No Longer Hold Kaesong Industrial Complex Hostage

(JoongAng Ilbo, March 17, 2009, Page 46)

Yesterday, North Korea allowed over 400 South Koreans, who had been stranded at Kaesong Industrial Complex for three days, to return home to the ROK. The North may have been aware of criticism growing in the South and abroad. In addition, by repeatedly opening and closing border crossings, it may have the intention of avoiding catastrophe while (at the same time) maintaining tension on the Korean Peninsula. This might look plausible for the North, but we point out that this is just a "shallow trick."

Pyongyang should first remember that those in the ROK who have tried to understand North Korea are now turning their back. North Korea probably thought that if it intensifies threats against the South, a voice calling for a "change in North Korea policy" will grow in the

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South. However, this is a misjudgment. Now that North Korea's threat on the Kaesong Industrial Complex has increased to the extent that South Koreans were "detained," the ROK society is denouncing the North with one voice, rather than splitting (into factions).

The North should tread carefully and think about the historical behind the opening the Kaesong Industrial Complex. As a symbol (of inter-Korean reconciliation,) the Kaesong Industrial Complex brought a turning point in inter-Korean ties. The reason why the Pyongyang leadership went so far as to pull its military units from the areas near the Military Demarcation Line in order to build the industrial complex may be because it had high expectations. And we think that the results over the past five years met those expectations. As much as 3 million dollars a month is provided to the North in the form of wages for over 40,000 employees at the complex. This is a substantial contribution, considering that North Korea's exports were worth only 1.1 billion dollars last year. Above all, North Korea can seek economic revival by connecting itself with the international community through the Kaesong Industrial Complex. In this context, isn't the North seeking the normalization of relations with the U.S.?

We urge the North once again not to damage the Kaesong Industrial Complex with the political and military intent to increase tension on the Korean Peninsula. It is absurd to block traffic to and from the Kaesong Industrial Complex due to the South's military drills, which are not occurring for the first time. Among other things, it is morally wrong for Pyongyang not to consider the position of its South Korean business partners at all. Despite the resumption of traffic across the border, if the overall operation of the Kaesong Industrial Complex is not normalized, no one will consider providing support to the North or investing in the North any more. We hope that (the North) will leave the Kaesong Industrial Complex intact as the last bastion to overcome division and confrontation with the South and (in order to) pursue joint development.

Getting past the limitations surrounding Kaesong
(Hankyoreh Shinmun, March 17, 2009, Page 23)

North Korea began allowing South Koreans to return to the South from the Kaesong Industrial Complex on Monday, having prohibited them from doing so beginning Friday. The move appears to be aimed, on the one hand, at avoiding further criticism for keeping Southerners against their will, while, on the other hand, still using the

industrial complex as leverage against the South. By all appearances, the situation is going to continue until March 20, when the joint South Korea-U.S. Key Resolve military exercises come to a close.

The North is in the wrong here. Failing to guarantee free passage to and from Kaesong for both people and goods is going to seriously hurt business activity at the industrial complex. Many companies are already having problems with production, and it won't be easy for things to return to normal there, as if nothing was ever the matter at all, even if the North later allows for smooth passage. We hope the North takes a good look at the damage it is doing.

The biggest problem is attitude of the North in thinking that it is okay to shut down normal operations at the Kaesong Industrial Complex for political and or military reasons. Even considering the great influence which the military has within the North Korean government, unless Pyongyang guarantees that this kind of nonsensical episode is never going to happen again, South Korean companies in Kaesong are going to remain nervous about staying there. Therefore, there needs to be several mechanisms in place, backed by absolute guarantees from an authoritative entity in the North, to ensure that Kaesong operations, including free passage, go smoothly. Pyongyang also needs to work to prove that the principle of separation of politics and economics does not end up being an empty slogan.

As seen once again, there are limits to the effectiveness of the Lee Myung-bak Administration's response, because there are no effective

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tools to get the North to take action when inter-Korean relations are currently so poor. Instead of just saying that it does not want to see business at Kaesong suffer, it should plot a fundamental change in policy so that substantial progress in inter-Korean relations can be achieved. Responding to situations after they erupt is not going to provide for stability in Kaesong or for the political situation on the Korean Peninsula as a whole.

The Kaesong Industrial Complex is an example of inter-Korean economic co-prosperity. Naturally, therefore, both sides need to refrain from behavior that hurts either one. The North, for its part, needs to make a clean break with the temptation to shake up the industrial park with other goals in mind. And it needs to realize that there are no companies in any country that are going to want to do business there once Southern companies write Kaesong off as a "non-investment grade" endeavor.

* This is a translation provided by the newspaper, and it is identical to the Korean version.

No Future for Kaesong without North Korean Pledge
(Chosun Ilbo, March 17, 2009, Page 35)

After effectively holding around 720 South Korean workers prisoner in the Kaesong Industrial Complex since Friday, North Korea on Monday allowed 453 of them to return home. But there have been major difficulties in running the industrial complex as North Korea prohibits the entry of South Korean workers and raw materials and other goods. If the situation persists until Friday, when the "Key Resolve" joint military exercises between South Korea and the United States comes to an end, 90 percent of the factories in the complex are expected to shut down. North Korea has used the joint military drills as an excuse to impose the unilateral ban.

Construction on the Kaesong Industrial Complex began in 2003 on 3.3 million sq.m. of land and was completed in 2006. Starting in April of 2004, 15 companies began producing products there, with accumulated output surpassing US\$500 million in November of 2008. Out of that amount, products valued at \$96 million were exported. The number of companies manufacturing products at the Kaesong Industrial Complex has risen to 93, employing around 39,000 North Korean workers and a little less than 1,000 (workers) from the South. The average monthly salary of a North Korean worker at the Kaesong Industrial Complex is \$73, with the total payroll for the

39,000 North Koreans employed there around \$2.8 million. That adds up to around \$34 million a year. North Korea pocketed \$16 million for renting out the land for 50 years. North Korean authorities collect the wages of workers in a lump sum in U.S. dollars from South Korean companies and pay them in the form of North Korean won and goods. Considering that North Korea's exports totaled \$900 million in 2007, the Kaesong Industrial Complex generates a tremendous amount of U.S. dollars for the communist country.

Yet North Korea's sudden treatment of South Korean officials as hostages, taking issue with a joint South Korea-U.S. military drill that has been taking place annually for a decade, raises serious questions whether it can be treated as a reliable business partner. The head of one South Korean business in the complex lamented in a media interview, "We are not toys North Korean authorities can play with." It is outrageous of North Korea to use the Kaesong Industrial Complex as leverage to exert political pressure on South Korea.

Even when North Korea launched a missile and tested a nuclear device in 2006; when the U.S. government took issue with the influx of dollars into the communist country; and even when a South Korean tourist was shot and killed in the Mt. Kumgang resort, the Kaesong Industrial Complex operated normally. Despite mounting criticism from within, the South Korean government kept the complex open, since it symbolized cooperation between the two Koreas.

But now that North Korea has demonstrated that it can exert unreasonable political pressure on the South by blocking entry into

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the complex and taking our citizens hostage, things have to change. With the fate of 93 South Korean businesses at stake, extra caution must be taken in making any decisions, but our government must come up with a fundamental plan of action for the future of the complex. We cannot indefinitely entrust North Koreans with the safety and lives of our citizens there. As long as there is no pledge from North Korea that such an incident will not be repeated, it will be difficult to promise that it will continue. .

* This is a translation provided by the newspaper, and it is identical to the Korean version.

FEATURES -----

Experts: "Pyongyang Even Considers Shutting Down Kaesong Industrial Complex"... "It Might Be Brinkmanship Tactics"
(Chosun Ilbo, March 17, 2009, Page 4)

By Reporter Lim Min-hyuk

Ten experts look at North Korea's intentions behind border closure

Why did North Korea start earnestly to "tighten the noose" (around the ROK) by repeatedly opening and closing the border?

With the ROK and the U.S. conducting the Key Resolve joint military drill, experts said, "North Korea has the intention of using the Kaesong Industrial Complex to maintain military tension on the Korean Peninsula," adding, "North Korea will repeat this behavior at least until the end of Exercise Key Resolve on March 20." Some predicted, "North Korea may even consider shutting down the Kaesong Industrial Complex."

Prof. Kim Geun-sik of Kyungnam University, noted, "It seems that North Korea intends to attract attention from inside and outside by maximizing military tension caused by the ROK-U.S. military exercise. Internally, Pyongyang provided justification (for its behavior), saying that because the South kicked off war games, the situation has now changed.

Prof. Yoo Ho-yeol of Korea University said, "North Korea has the intention of creating an environment where the ROK public opinion

denounces the ROKG and pressures it to change its North Korea policy," and Prof. Kim Sung-han of Korea University commented, "North Korea has the intention of pressuring (the Lee Myung-bak Administration) to promise that its basic stance (on the North) will be the same as that of the Kim Dae-jung and Roh Moo-hyun Administrations."

Dr. Jeung Young-tai of the Korea Institute for National Unification said, "(North Korea) intends to draw the U.S. into negotiations from a broader perspective." Chung added, "North Korea is trying to tell U.S. officials that carrying out the ROK-U.S. military drills would break peace." Experts remarked, "The reason why the North allowed South Koreans to return home on March 16 was to prevent the spread of the perception that 'North Korea is detaining civilians.'" Former Vice Unification Minister Lee Bong-jo said, "North Korea had no choice but to open and close the border repeatedly in order not to fall into a dilemma where it would have to take responsibility for suspending the operation of the Kaesong Industrial Complex."

The experts had different opinions on North Korea's long-term intentions. Prof. Kim Sung-han said that so far North Korea has made it a 'major premise' not to give up the Kaesong Industrial Complex. He added that now it seems that North Korea is fundamentally reviewing the major premise. Prof. Nam Joo-hong of Kyonggi University said that North Korea needs to establish its succession system internally, and the late North Korean leader Kim Il-sung left teachings that the country should never lose the self-respect of "Juche Chosun" to the ROK. He noted that therefore North Korea would go so far as to forgo economic benefits for this

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purpose. Prof. Lee Jo-won of Chung-Ang University observed that as for the Kaesong Industrial Complex, North Korea adopted the principle of separation of economics from politics. He went on to say, however, that it seems that the North abandoned the principle since its current priority is to raise tensions in order to have a bargaining chip in negotiations with the U.S.

Meanwhile, Dr. Jeung Young-tai said that the North will engage in a tug-of-war with (the U.S. and the ROK) until March 20 when the ROK-U.S. Key Resolve military exercise ends. He added that North Korea will not scrap the (Kaesong Industrial) Complex but maintain it in order to use it as leverage. Prof. Kim Yong-hyun observed that the Kaesong Industrial Complex is a lucrative project, unlike the Mt. Kumgang tourism business, and North Korea is not likely to give it up.

U.S. Korea in Bind over Border Closure, Academics Say
(Chosun Ilbo, March 17, 2009, Page 4)

By Reporter Ahn Yong-hyun

Experts agreed Monday that the biggest problem South Korea faces with North Korea's random closures of the border is that Seoul lacks decisive means or leverage to prevent them.

"We must keep trying to talk to North Korea behind the scenes," said Prof. Nam Joo-hong of Kyonggi University. "If direct contract is difficult, we must try to find out what the North wants through either China or the United States." Prof. Kim Yong-hyun of Dongguk University said, "We have to try and get China to persuade the North." And Prof. Yoo Ho-yeol of Korea University said, "We should open dialogue with the North by taking advantage of the current situation involving the joint Kaesong Industrial Complex."

Over a solution to the problem of the Kaesong industrial park issue, they were divided into two groups; one calling for a review of the whole project, the other warning that threatening to close what is a significant cash cow for the North could make things worse.

If North Korea decided to close the Kaesong complex, there is nothing the South could do about it, said Prof. Nam. He called for preparations to withdraw South Korean companies operating there and suspend exchanges.

Prof. Kim Sung-han of Korea University suggested a step-by-step approach depending on the attitude of North Korea. A basic review of the industrial complex is needed, he said, if South Koreans working there are again effectively detained after the joint South Korean-U.S. military drills end on Mar. 20. If a South Korean firm in the industrial park has to suspend operations because accords between the North and South Korean authorities are not observed, it is eligible for compensation of up to W5 billion (US\$1=W1,440.)

Meanwhile, former vice unification minister Lee Bong-jo said Pyongyang has made it clear that the border is closed until Mar. 20, when the military exercises end. "We have to deal with the situation calmly without aggravating it," he added. Kim Yeon-chul, the head of the Hankyoreh Foundation for Reunification and Culture, called for a change the government's North Korea policy.

* This is a translation provided by the newspaper, and it is identical to the Korean version.

U.S. Ambassador Says That ROKG Should Give Obama Administration Time to Think over FTA

(JoongAng Ilbo, March 17, 2009, Page 10)

By Reporter Kim Pil-gyu

U.S. Ambassador to the ROK Kathleen Stephens said, "I urge our Korean friends to give our new team in Washington some time to get in place, and suggest that in the meantime, we resist the temptation

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to politicize this situation." She made these remarks in a March 16 breakfast meeting hosted by the Korean Chamber of Commerce and Industry. She added that the Korea-U.S. Free Trade Agreement (KORUS FTA) has the potential to offer much to citizens of both countries.

The U.S. Ambassador pointed out that the delay in ratification of the FTA by the U.S. Congress stems from the global economic slowdown, a political transition in Washington and turmoil in the U.S. auto industry. She said, "Ratifying a large trade agreement like the FTA is a complex process, and we should be patient and pragmatic." As if conscious of some views among Koreans that the Obama Administration has a negative opinion of the KORUS FTA, she said, "Everyone who has spoken about the agreement from the new administration has noted its vast potential." She also noted that social, cultural and people-to-people ties enrich society and are of immeasurable value.

STEPHENS